

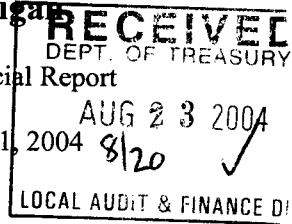
41-1170

# **SOLON TOWNSHIP**

**Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended March 31, 2004



# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Solon Township</b>	County <b>Kent</b>
Audit Date <b>6/23/04</b>	Opinion Date <b>6/23/04</b>	Date Accountant Report Submitted to State: <b>8/1/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report or comments and recommendations.

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Hungerford, Aldrin, Nichols &amp; Carter, P.C.</b>			
Street Address <b>2910 Lucerne Drive SE</b>		City <b>Grand Rapids</b>	State <b>MI</b>
Accountant Signature <i>Hungerford, Aldrin, Nichols &amp; Carter, P.C.</i>		ZIP <b>49546</b>	Date <b>Aug. 19, 2004</b>

**SOLON TOWNSHIP**  
**Table of Contents**

For the year ended March 31, 2004

---

**Introductory Section**

Title Page

Table of Contents

**Financial Section**

Independent Auditor's Report..... 1

General Purpose Financial Statements:

Combined Balance Sheet - All Fund Types and Account Group..... 2

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - All Governmental Fund Types..... 4

Combined Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual - General Fund ..... 5

Notes to Financial Statements..... 6

Supplemental Information:

Combining and Individual Fund Statements and Schedules:

General Fund..... 16

Comparative Balance Sheet..... 17

Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual ..... 18

Supplemental Schedule:  
Comparative Statement of Expenditures..... 21

Special Revenue Fund..... 25

Fire Special Revenue Fund:

Comparative Balance Sheet..... 26

Supplemental Schedule:  
Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balances ..... 27

Agency Funds..... 28

Combining Balance Sheet ..... 29

Combining Statement of Changes in Assets and Liabilities..... 30

Tax Account Agency Fund:

Supplemental Schedule:  
Statement of Cash Receipts and Disbursements..... 31

**SOLON TOWNSHIP**  
**Table of Contents**

For the year ended March 31, 2004

---

Other Information:

Schedule of Deposits and Investments .....	34
Summary of 2003 Taxes Levied and Collected .....	35

## **FINANCIAL SECTION**

Hungerford, Aldrin,  
Nichols & Carter, PC  
CPAs AND CONSULTANTS

Shareholders

Clifford A. Aldrin, CPA  
Jerry W. Nichols, CPA  
Daniel L. Carter, CPA  
Richard L. Chrisman, CPA  
Peggy A. Murphy, CPA  
Phillip W. Sauman, CPA  
Mitchell C. Burgers, CPA  
Carla A. Grant, CPA  
Thomas C. Prince, CPA

**INDEPENDENT AUDITOR'S REPORT**

June 23, 2004

The Township Board  
Solon Township  
Kent County, Michigan

We have audited the accompanying general purpose financial statements of Solon Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the elected officials and management of Solon Township. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Solon Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplemental information and other information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Solon Township. The information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants



MEMBER  
Accountants Global  
Network International

Centennial Park East 2910 Lucerne Drive, S.E. Suite 200 Grand Rapids, Michigan 49546-7175  
Phone: (616) 949-3200 Fax: (616) 949-7720 E-Mail: postmaster@hanc.com

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**OLON TOWNSHIP**  
**Combined Balance Sheet - All Fund Types and Account Group**  
**March 31, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>General Fixed Assets</u>
<b>Assets</b>				
Cash (Note C)	\$ -	\$ -	\$ 28,730	\$ -
Deposits (Note C)	281,460	34,369	27,012	-
Investments (Note C)	192,580	-	389	-
Receivables:				
Taxes (Note D)	16,301	-	-	-
Accounts	-	-	11,357	-
Due from other funds (Note E)	33,738	-	-	-
Due from other governmental units	43,199	-	-	-
Fixed assets (Note G)	-	-	-	848,799
<b>Total Assets</b>	<u>\$ 567,278</u>	<u>\$ 34,369</u>	<u>\$ 67,488</u>	<u>\$ 848,799</u>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts payable	\$ 17,509	\$ -	\$ 1,820	\$ -
Payroll withholdings	3,410	-	-	-
Escrow deposits	-	-	31,640	-
Due to other funds (Note E)	-	-	33,738	-
Due to other governmental units	35,594	-	290	-
<b>Total Liabilities</b>	<u>56,513</u>	<u>-</u>	<u>67,488</u>	<u>-</u>
<b>Fund Equity</b>				
Investment in general fixed assets	-	-	-	848,799
Fund balances:				
Unreserved:				
Undesignated	510,765	34,369	-	-
<b>Total fund balances</b>	<u>510,765</u>	<u>34,369</u>	<u>-</u>	<u>-</u>
<b>Total Fund Equity</b>	<u>510,765</u>	<u>34,369</u>	<u>-</u>	<u>848,799</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 567,278</u>	<u>\$ 34,369</u>	<u>\$ 67,488</u>	<u>\$ 848,799</u>

The notes to financial statements are an integral part of this statement.



Totals (Memorandum Only)	
2004	2003
\$ 28,730	\$ 28,336
342,841	85,532
192,969	420,158
16,301	12,382
11,357	-
33,738	8,984
43,199	47,660
848,799	840,347
<u>\$ 1,517,934</u>	<u>\$ 1,443,399</u>
\$ 19,329	\$ 11,802
3,410	4,992
31,640	52,098
33,738	8,984
35,884	31,049
<u>124,001</u>	<u>108,925</u>
848,799	840,347
<u>545,134</u>	<u>494,127</u>
<u>545,134</u>	<u>494,127</u>
<u>1,393,933</u>	<u>1,334,474</u>
<u>\$ 1,517,934</u>	<u>\$ 1,443,399</u>

**SOLON TOWNSHIP**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - All Governmental Fund Types**  
**For the year ended March 31, 2004**

	General	Special Revenue	Totals (Memorandum Only)	
			2004	2003
<b>Revenues</b>				
Taxes	\$ 124,739	\$ -	\$ 124,739	\$ 119,177
Licenses and permits	91,144	-	91,144	72,968
State sources	327,483	-	327,483	350,895
Intergovernmental sources	26,279	-	26,279	20,505
Charges for services	22,263	-	22,263	23,150
Interest and rentals	6,722	365	7,087	9,131
Other revenue	18,167	-	18,167	30,055
<b>Total Revenues</b>	<b>616,797</b>	<b>365</b>	<b>617,162</b>	<b>625,881</b>
<b>Expenditures</b>				
Current:				
Legislative	7,382	-	7,382	7,440
General government	248,342	-	248,342	228,507
Public safety	199,689	-	199,689	205,815
Public works	21,071	-	21,071	25,538
Recreational and cultural	36,004	-	36,004	33,660
Other township	53,667	-	53,667	51,037
<b>Total Expenditures</b>	<b>566,155</b>	<b>-</b>	<b>566,155</b>	<b>551,997</b>
<b>Excess of Revenues Over Expenditures</b>	<b>50,642</b>	<b>365</b>	<b>51,007</b>	<b>73,884</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	5,000	5,000	7,281
Operating transfers out	(5,000)	-	(5,000)	(7,281)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,000)</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<b>45,642</b>	<b>5,365</b>	<b>46,007</b>	<b>73,884</b>
<b>Fund Balances, April 1</b>	<b>465,123</b>	<b>29,004</b>	<b>494,127</b>	<b>420,243</b>
<b>Fund Balances, March 31</b>	<b>\$ 510,765</b>	<b>\$ 34,369</b>	<b>\$ 545,134</b>	<b>\$ 494,127</b>

The notes to financial statements are an integral part of this statement.

**SOLON TOWNSHIP**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget and Actual - General Fund**  
**For the year ended March 31, 2004**

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 115,000	\$ 124,739	\$ 9,739
Licenses and permits	74,150	91,144	16,994
State sources	340,000	327,483	(12,517)
Intergovernmental sources	24,000	26,279	2,279
Charges for services	25,650	22,263	(3,387)
Interest and rentals	6,500	6,722	222
Other revenue	1,200	18,167	16,967
<b>Total Revenues</b>	<b>586,500</b>	<b>616,797</b>	<b>30,297</b>
<b>Expenditures</b>			
Current:			
Legislative	7,700	7,382	318
General government	259,920	248,342	11,578
Public safety	215,031	199,689	15,342
Public works	31,400	21,071	10,329
Recreation and cultural	31,500	36,004	(4,504)
Other township	62,500	53,667	8,833
<b>Total Expenditures</b>	<b>608,051</b>	<b>566,155</b>	<b>41,896</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(21,551)</b>	<b>50,642</b>	<b>72,193</b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	2,281	-	(2,281)
Operating transfers out	(5,000)	(5,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,719)</b>	<b>(5,000)</b>	<b>(2,281)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<b>(24,270)</b>	<b>45,642</b>	<b>69,912</b>
<b>Fund Balances, April 1</b>	<b>465,123</b>	<b>465,123</b>	<b>-</b>
<b>Fund Balances, March 31</b>	<b>\$ 440,853</b>	<b>\$ 510,765</b>	<b>\$ 69,912</b>

The notes to financial statements are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

---

**Note A – Description of the Township**

Solon Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides the following services to its residents as provided by statute: public safety (fire and inspections), highways and streets, cultural, planning and zoning, general administrative and other services.

**Note B – Summary of Significant Accounting Policies**

**The Reporting Entity**

The financial statements of Solon Township contain all of the funds and account groups that are controlled by, or dependent on, the Township's executive or legislative branches. Control by, or dependence on, the Township was determined on the basis of appointment of the governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, receipt of significant subsidies from the Township, disposition of surplus funds, the ability to significantly influence operations and primary financial accountability for fiscal matters.

**Basis of Presentation - Fund Accounting**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories and three generic fund types as follows:

*Governmental Funds*

The *General Fund* is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The Fire Special Revenue Fund is the Township's only such fund.

*Fiduciary Funds*

*Agency Funds* are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include escrow deposits, tax monies and dog licenses collected for the Township and other local governmental units. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

---

**Fixed Assets**

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund types of the Township are recorded in the General Fixed Assets Account Group at cost, or estimated historical cost, if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain ("infrastructure") general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

**Long-Term Liabilities**

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and fiduciary funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include real property taxes, State shared sales taxes, and charges for services. Most licenses and permits, local intergovernmental and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

---

**Budgets and Budgetary Accounting**

The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The Township General Fund is under budgetary control as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.
- The budget is generated with input from the Township Supervisor, Clerk, Treasurer and Township Trustees.
- The completed budget is then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. This operating budget includes proposed expenditures and the means of financing them for the General Fund.
- At the first public meeting in April the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
- Appropriations are authorized by resolution at the department level. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
- The budget is adopted on a basis consistent with generally accepted accounting principles.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The "Unfavorable Variances" as shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund were not material violations as described in Public Act 621, the State of Michigan Uniform Budgeting and Accounting Act, due to the conditions and events that gave rise to the violations and the adequacy of the Township's budgetary system to detect such violations.

**Retirement Plans**

The Township maintains two defined contribution retirement plans covering substantially all employees. Elected officials are covered under one plan, to which the Township contributes 15% of covered salaries. Current year contributions to this plan totaled \$12,006. Township appointed officials and employees, including volunteer firemen, are included under a second plan, to which the Township contributes 5% of covered salaries and the employees also contribute 5%. Current year contributions to this plan totaled \$14,260. There is no past service cost associated with either retirement plan.

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

---

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**Fund Equity**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Memorandum Only – Total Columns**

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Township's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Note C – Cash, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligations repurchase agreements.
- In bankers' acceptances of United States banks.



**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Bank One
2. Choice One Bank

Balances at March 31, 2004 related to cash deposits and investments are detailed on the combined balance sheet as follows:

Cash	\$ 28,730
Deposits	342,841
Investments	192,969
	<u>\$ 564,540</u>

**Cash and Deposits**

Cash consists of bank non-interest earning checking accounts. Deposits consist of bank interest earning checking and savings accounts and certificates of deposit.

Deposits at March 31, 2004 as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 220,273	\$ 220,273
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	151,298	151,298
	<u>\$ 371,571</u>	<u>\$ 371,571</u>

**Investments**

The Bank One Governmental STIF Accounts consist of monies advanced for investment with accounts established in the Township's name within the pool. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pool. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investment in the pool is classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the Fund. Balances at March 31, 2004 are as follows:

Uninsured/Uncategorized:

Bank One:

Governmental Investment Account

\$ 192,969

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

---

**Note D – General Property Taxes**

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes are payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the General and Special Revenue Funds in the fiscal year levied, to the extent they are measurable and available. The 2003 property tax roll levied December 1, 2003, represents revenue for the fiscal year ended March 31, 2004.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Grand Rapids and Montcalm Community Colleges, Kent, Montcalm and Newaygo Intermediate School Districts, Cedar Springs Public Schools, Grant Public Schools, Kent City Community Schools and Tri-County Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mill of general property taxes on the taxable valuation in the Township. Due to effect of the Headlee Amendment, actual tax levies were reduced to 0.8647 mills for 2003-04 general operations.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Township taxes levied	\$ 92,618	\$ 87,550	\$ 80,170	\$ 71,853
Taxes collected:				
Current to March 1	83,906	79,172	72,014	62,207
Total to March 31, 2004	83,906	87,188	80,026	71,384
Percentages of collections:				
Current to March 1	90.59%	90.43%	89.83%	86.58%
Total to March 31, 2004	90.59%	99.59%	99.82%	99.35%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2004 valuations in the following summary:

<b>Year</b>	<b>Real</b>	<b>Personal</b>	<b>Total</b>
2004	\$ 112,174,228	\$ 6,496,650	\$ 118,670,878
2003	102,418,289	6,918,300	109,336,589
2002	94,780,200	6,466,408	101,246,608
2001	85,394,851	5,791,871	91,186,722
2000	75,099,880	4,353,530	79,453,410
1999	74,013,939	5,151,200	79,165,139
1998	67,858,392	4,157,169	72,015,561
1997	61,377,234	3,925,246	65,302,480
1996	56,473,929	4,211,871	60,685,800
1995	50,848,540	4,747,808	55,596,348

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

**Note E – Due From (To) Other Funds**

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2004, consisting of reimbursable legal fees and interest earnings, are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Agency Funds	\$ 33,738	\$ —
Trust Account Agency Fund:		
General Fund	—	32,549
Tax Account Agency Fund:		
General Fund	—	1,189
	<u>—</u>	<u>1,189</u>
Total All Funds	<u>\$ 33,738</u>	<u>\$ 33,738</u>

**Note F – Transfers From/To Other Funds**

Transfers between funds during the year ended March 31, 2004 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>		
Special Revenue Fund:		
Fire Fund	\$ -	\$ 5,000
<b>Special Revenue Fund</b>		
Fire Fund:		
General Fund	5,000	-
	<u>5,000</u>	<u>-</u>
Total All Funds	<u>\$ 5,000</u>	<u>\$ 5,000</u>

The General Fund transfer to the Fire Fund was made to set aside funds to purchase new equipment in the future.

**Note G – General Fixed Assets**

Changes in General Fixed Assets for the year are detailed as follows:

	<u>Balances</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>March 31, 2004</u>
Land	\$ 104,407	\$ —	\$ —	\$ 104,407
Buildings	185,806	—	—	185,806
Other improvements	26,675	—	—	26,675
Fire vehicles	273,394	—	—	273,394
Furniture and equipment	250,065	8,452	—	258,517
	<u>250,065</u>	<u>8,452</u>	<u>—</u>	<u>258,517</u>
Total General Fixed Assets	<u>\$ 840,347</u>	<u>\$ 8,452</u>	<u>\$ —</u>	<u>\$ 848,799</u>

**SOLON TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2004**

---

**Note H – Stewardship, Compliance And Accountability**

The Fire Special Revenue Fund had no adopted budget for the year ended March 31, 2004 as required by generally accepted accounting principles and Michigan Department of Treasury regulations.

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**SOLON TOWNSHIP**  
**General Fund**  
**Comparative Balance Sheet**  
**March 31, 2004 and 2003**

<b>Assets</b>	<u>2004</u>	<u>2003</u>
Deposits	\$ 281,460	\$ 29,681
Investments	192,580	412,259
Taxes receivable	16,301	12,382
Due from other funds	33,738	8,984
Due from other governmental units	43,199	46,894
<b>Total Assets</b>	<u><u>\$ 567,278</u></u>	<u><u>\$ 510,200</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 17,509	\$ 11,802
Payroll withholdings	3,410	4,992
Due to other governmental units	35,594	28,283
<b>Total Liabilities</b>	<u>56,513</u>	<u>45,077</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	510,765	465,123
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 567,278</u></u>	<u><u>\$ 510,200</u></u>

**SOLON TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2004**  
**With comparative actual amounts for the year ended March 31, 2003**

	2004		Variance- Favorable (Unfavorable)	2003
	Budget	Actual		Actual
<b>Revenues</b>				
Taxes:				
Current property taxes	\$ 85,000	\$ 91,714	\$ 6,714	\$ 87,198
Delinquent property taxes	-	161	161	131
Trailer fees	1,000	2,071	1,071	2,008
Penalties and interest on taxes	1,000	705	(295)	699
Tax administration fees	28,000	30,088	2,088	29,141
	115,000	124,739	9,739	119,177
Licenses and permits:				
Cable television fees	12,000	11,885	(115)	12,065
Contractor registration fees	1,000	1,425	425	1,065
Building permits	24,000	32,469	8,469	24,083
Electrical permits	16,000	19,442	3,442	16,347
Mechanical permits	12,000	11,278	(722)	11,790
Plumbing permits	9,000	14,543	5,543	7,493
Dog licenses	150	102	(48)	125
	74,150	91,144	16,994	72,968
State sources:				
Sales taxes	340,000	327,483	(12,517)	350,895
Intergovernmental sources:				
Act 425 reimbursement	24,000	26,279	2,279	20,505
Charges for services:				
Zoning and appeals fees	8,000	6,190	(1,810)	7,080
Summer tax collection fees	8,400	9,070	670	8,810
Grave openings	4,500	4,900	400	3,775
Footings	500	-	(500)	-
Land division fees	1,600	1,100	(500)	1,710
Sale of cemetery lots	2,000	750	(1,250)	975
Sale of printed materials	650	253	(397)	800
	25,650	22,263	(3,387)	23,150
Interest and rentals:				
Interest on deposits and investments	5,000	4,802	(198)	7,399
Rentals	1,500	1,920	420	1,240
	6,500	6,722	222	8,639
Other revenue:				
Rau Drive assessment	-	-	-	27,587
Donations	-	1,600	1,600	-
Road improvement reimbursements	-	13,415	13,415	436
Refunds of expenditures	-	2,880	2,880	292
Miscellaneous	1,200	272	(928)	240
	1,200	18,167	16,967	28,555
<b>Total Revenues</b>	<b>586,500</b>	<b>616,797</b>	<b>30,297</b>	<b>623,889</b>

(Continued)



**SOLON TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2004**  
**With comparative actual amounts for the year ended March 31, 2003**

	2004		Variance- Favorable (Unfavorable)	2003
	Budget	Actual		Actual
<b>Expenditures</b>				
Current:				
Legislative:				
Township board	\$ 7,700	\$ 7,382	\$ 318	\$ 7,440
General government:				
Supervisor	19,720	18,283	1,437	19,067
Elections	2,600	3,328	(728)	8,923
Assessor	28,200	23,630	4,570	27,646
Legal and audit	37,500	46,770	(9,270)	29,034
Clerk	29,300	24,528	4,772	29,561
Board of review	1,300	358	942	813
General administration	60,200	47,972	12,228	40,308
Treasurer	42,100	40,284	1,816	38,839
Buildings and grounds	23,600	27,032	(3,432)	20,892
Cemetery	15,400	16,157	(757)	13,424
Total general government	259,920	248,342	11,578	228,507
Public safety:				
Fire department	93,781	84,989	8,792	80,422
Inspections	63,100	69,491	(6,391)	57,544
Planning	13,800	18,521	(4,721)	10,552
Zoning	44,350	26,688	17,662	49,995
Total public safety	215,031	199,689	15,342	198,513
Public works:				
Drains	-	508	(508)	507
Highways, streets and bridges	30,800	20,030	10,770	24,498
Street lighting	600	533	67	533
Total public works	31,400	21,071	10,329	25,538
Recreation and cultural:				
Parks and recreation	3,000	3,000	-	5,000
Library	28,500	33,004	(4,504)	28,660
Total recreation and cultural	31,500	36,004	(4,504)	33,660
Other township	62,500	53,667	8,833	51,037
<b>Total Expenditures</b>	<b>608,051</b>	<b>566,155</b>	<b>41,896</b>	<b>544,695</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(21,551)</b>	<b>50,642</b>	<b>72,193</b>	<b>79,194</b>

(Continued)

**SOLON TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended March 31, 2004**  
**With comparative actual amounts for the year ended March 31, 2003**

	2004			2003
	Budget	Actual	Variance- Favorable (Unfavorable)	Actual
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ 2,281	\$ -	\$ (2,281)	\$ 2,281
Operating transfers out	(5,000)	(5,000)	-	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,719)</u>	<u>(5,000)</u>	<u>(2,281)</u>	<u>(2,719)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	(24,270)	45,642	69,912	76,475
<b>Fund Balances, April 1</b>	<u>465,123</u>	<u>465,123</u>	<u>-</u>	<u>388,648</u>
<b>Fund Balances, March 31</b>	<u><u>\$ 440,853</u></u>	<u><u>\$ 510,765</u></u>	<u><u>\$ 69,912</u></u>	<u><u>\$ 465,123</u></u>

**SOLON TOWNSHIP**  
**General Fund**  
**Comparative Statement of Expenditures**  
**For the years ended March 31, 2004 and 2003**

	2004	2003
Current:		
Legislative:		
Township board:		
Salaries	\$ 6,437	\$ 7,395
Travel and expenses	945	45
Total legislative	<u>7,382</u>	<u>7,440</u>
General government:		
Supervisor:		
Salary	18,208	18,492
Travel and expenses	50	550
Dues and memberships	25	25
	<u>18,283</u>	<u>19,067</u>
Elections:		
Salaries	2,240	2,965
Office supplies	1,088	1,958
Furniture and equipment	-	4,000
	<u>3,328</u>	<u>8,923</u>
Assessor:		
Salaries		
Assessor	21,125	22,962
Deputy	-	1,988
Office supplies	832	1,364
Travel and expenses	629	550
Education	95	225
Printing and publishing	780	307
Dues and memberships	169	250
	<u>23,630</u>	<u>27,646</u>
Legal and audit:		
Legal fees	25,322	22,534
Audit fees	21,448	6,500
	<u>46,770</u>	<u>29,034</u>
Clerk:		
Salaries:		
Clerk	18,208	18,492
Deputy	5,114	8,351
Office supplies	615	1,854
Travel and expenses	258	637
Printing and publishing	318	122
Dues and memberships	15	105
	<u>24,528</u>	<u>29,561</u>
Board of review:		
Salaries	30	490
Printing and publishing	328	298
Miscellaneous	-	25
	<u>358</u>	<u>813</u>
General administration:		
Clerical salaries	11,918	14,958
Office supplies	6,342	6,378
Professional fees	2,611	-

(Continued)

**SOLON TOWNSHIP**  
**General Fund**  
**Comparative Statement of Expenditures**  
**For the years ended March 31, 2004 and 2003**

	2004	2003
General administration: (Continued)		
Computer services	\$ -	\$ 4,883
Travel and expenses	1,134	2,403
Education	3,578	1,688
Printing and publishing	2,597	2,662
Dues and memberships	2,234	2,059
Miscellaneous	19	1,347
Furniture and equipment	17,539	3,930
	<u>47,972</u>	<u>40,308</u>
Treasurer:		
Salaries:		
Treasurer	18,208	18,492
Deputy	7,115	4,872
Office supplies	1,088	1,076
Property tax administration system	13,212	13,714
Travel and expenses	576	550
Dues and memberships	85	85
Miscellaneous	-	50
	<u>40,284</u>	<u>38,839</u>
Buildings and grounds:		
Custodial and maintenance salaries	2,023	2,866
Contracted services	4,661	4,161
Travel and expenses	-	36
Utilities	11,478	11,491
Repair and maintenance	8,870	2,338
	<u>27,032</u>	<u>20,892</u>
Cemetery:		
Cemetery board salaries	350	500
Grave openings	5,200	3,825
Utilities	463	500
Repair and maintenance	1,680	2,315
Grounds maintenance	8,284	6,284
Miscellaneous	180	-
	<u>16,157</u>	<u>13,424</u>
Total general government	<u>248,342</u>	<u>228,507</u>
Public safety:		
Fire department:		
Salaries:		
Fire chief	12,188	13,901
Firefighters	27,838	23,626
Office supplies and expenses	1,434	883
Operating supplies	4,735	3,532
Gasoline and oil	1,743	1,164
Medical supplies	327	666
Physicals	281	933
Uniforms and gear	5,909	6,366
Travel and expenses	497	1,237
Education	1,309	1,393
Training	1,000	-
Printing and publishing	432	264

(Continued)

**SOLON TOWNSHIP**  
**General Fund**  
**Comparative Statement of Expenditures**  
**For the years ended March 31, 2004 and 2003**

	2004	2003
Fire department: (Continued)		
Insurance and bonds	\$ 3,191	\$ 1,464
Utilities	5,141	5,661
Building maintenance	517	763
Vehicle maintenance	3,848	9,066
County fire assessment	12,614	7,282
Dues and memberships	668	641
Miscellaneous	964	433
Furniture and equipment	353	1,147
	<u>84,989</u>	<u>80,422</u>
Inspections:		
Salaries:		
Building inspector	28,426	20,252
Mechanical inspector	16,918	13,962
Electrical inspector	8,564	9,353
Plumbing inspector	5,439	6,101
Permit administration	1,841	1,505
Clerical	5,595	2,835
Office supplies	112	693
Travel and expenses	756	732
Education	652	315
Utilities	568	435
Dues and memberships	595	200
Miscellaneous	25	1,161
	<u>69,491</u>	<u>57,544</u>
Planning and zoning:		
Planning commission	5,700	5,640
Professional fees	12,821	4,912
	<u>18,521</u>	<u>10,552</u>
Zoning:		
Salaries:		
Zoning administrator	12,267	13,033
Zoning board of appeals	660	1,380
Legal fees	11,719	31,712
Travel and expenses	72	289
Education	-	75
Printing and publishing	1,046	2,095
Miscellaneous	924	1,411
	<u>26,688</u>	<u>49,995</u>
Total public safety	<u>199,689</u>	<u>198,513</u>
Public works:		
Drains:		
Drain maintenance	508	507
Highways, streets and bridges:		
Road maintenance	11,508	12,000
Road construction	-	1,756
Dust layer	8,522	10,742
	<u>20,030</u>	<u>24,498</u>

(Continued)

**SOLON TOWNSHIP**  
**General Fund**  
**Comparative Statement of Expenditures**  
**For the years ended March 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Street lighting:		
Utilities	\$ 533	\$ 533
Total public works	<u>21,071</u>	<u>25,538</u>
Recreation and cultural:		
Parks and recreation:		
Cedar Springs Recreation Department	3,000	5,000
Library:		
Cedar Springs Library	<u>33,004</u>	<u>28,660</u>
Total recreation and cultural	36,004	33,660
Other township:		
Social Security taxes	8,912	6,846
Unemployment	447	-
Pension plan contributions	20,148	17,745
Contracted services	-	4,088
Clean-up week	7,623	8,493
Insurance and bonds	<u>16,537</u>	<u>13,865</u>
Total other township	<u>53,667</u>	<u>51,037</u>
<b>Total Expenditures</b>	<u><u>\$ 566,155</u></u>	<u><u>\$ 544,695</u></u>

## **SPECIAL REVENUE FUND**

*Fire*—to accumulate General Fund contributions and interest earnings to be used for the purchase of Township Fire Department vehicles and equipment.

**SOLON TOWNSHIP  
Fire Special Revenue Fund  
Comparative Balance Sheet  
March 31, 2004 and 2003**

---

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Deposits	<u>\$ 34,369</u>	<u>\$ 29,004</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>34,369</u>	<u>29,004</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 34,369</u>	<u>\$ 29,004</u>



**SOLON TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended March 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits	\$ 365	\$ 492
Other revenue:		
Miscellaneous	-	1,500
<b>Total Revenues</b>	<u>365</u>	<u>1,992</u>
<b>Expenditures</b>		
Current:		
Public safety:		
Fire department:		
Supplies	-	263
Vehicle maintenance	-	450
Furniture and equipment	-	6,589
<b>Total Expenditures</b>	<u>-</u>	<u>7,302</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	365	(5,310)
<b>Other Financing Sources (Uses)</b>		
Operating transfers in	5,000	5,000
Operating transfers out	-	(2,281)
<b>Total Other Financing Sources (Uses)</b>	<u>5,000</u>	<u>2,719</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources</b>	5,365	(2,591)
<b>Fund Balances, April 1</b>	<u>29,004</u>	<u>31,595</u>
<b>Fund Balances, March 31</b>	<u><u>\$ 34,369</u></u>	<u><u>\$ 29,004</u></u>

## **AGENCY FUNDS**

*Trust Account* — to account for the collection and safekeeping of escrow deposits and payment to the persons entitled to receive these monies.

*Tax Account* — to account for the collection of current and delinquent property taxes and dog licenses and payment to the governmental units, funds or other persons entitled to receive these funds.

**SOLON TOWNSHIP**  
**Trust Account Agency Funds**  
**Combining Balance Sheet**  
**March 31, 2004**  
**With comparative totals for March 31, 2003**

Assets	Agency		Totals	
	Trust Account	Tax Account	2004	2003
Cash	\$ 28,730	\$ -	\$ 28,730	\$ 28,336
Deposits	27,012	-	27,012	26,847
Investments	-	389	389	7,899
Accounts receivable	8,447	2,910	11,357	-
Due from other governmental units	-	-	-	766
<b>Total Assets</b>	<b>\$ 64,189</b>	<b>\$ 3,299</b>	<b>\$ 67,488</b>	<b>\$ 63,848</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,820	\$ 1,820	\$ -
Escrow deposits	31,640	-	31,640	52,098
Due to other funds	32,549	1,189	33,738	8,984
Due to other governmental units	-	290	290	2,766
<b>Total Liabilities</b>	<b>64,189</b>	<b>3,299</b>	<b>67,488</b>	<b>63,848</b>
<b>Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 64,189</b>	<b>\$ 3,299</b>	<b>\$ 67,488</b>	<b>\$ 63,848</b>

**OLON TOWNSHIP**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the year ended March 31, 2004**

	Balances April 1, 2003	Additions	Deductions	Balances March 31, 2004
<b><u>Trust Account Fund</u></b>				
<b>Assets</b>				
Cash	\$ 28,336	\$ 42,862	\$ 42,468	\$ 28,730
Deposits	26,847	165	-	27,012
Accounts receivable	-	8,447	-	8,447
<b>Total Assets</b>	<b>\$ 55,183</b>	<b>\$ 51,474</b>	<b>\$ 42,468</b>	<b>\$ 64,189</b>
<b>Liabilities</b>				
Escrow deposits	\$ 52,098	\$ 22,010	\$ 42,468	\$ 31,640
Due to other funds	3,085	29,464	-	32,549
<b>Total Liabilities</b>	<b>\$ 55,183</b>	<b>\$ 51,474</b>	<b>\$ 42,468</b>	<b>\$ 64,189</b>
<b><u>Tax Account Fund</u></b>				
<b>Assets</b>				
Investments	\$ 7,899	\$ 2,801,415	\$ 2,808,925	\$ 389
Accounts receivable	-	2,910	-	2,910
Due from other governmental units	766	-	766	-
<b>Total Assets</b>	<b>\$ 8,665</b>	<b>\$ 2,804,325</b>	<b>\$ 2,809,691</b>	<b>\$ 3,299</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 32,494	\$ 30,674	\$ 1,820
Due to other funds	5,899	134,858	139,568	1,189
Due to other governmental units	2,766	2,636,207	2,638,683	290
<b>Total Liabilities</b>	<b>\$ 8,665</b>	<b>\$ 2,803,559</b>	<b>\$ 2,808,925</b>	<b>\$ 3,299</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets</b>				
Cash	\$ 28,336	\$ 42,862	\$ 42,468	\$ 28,730
Deposits	26,847	8,447	-	27,012
Investments	7,899	2,801,415	2,808,925	389
Accounts receivable	-	2,910	-	11,357
Due from other governmental units	766	-	766	-
<b>Total Assets</b>	<b>\$ 63,848</b>	<b>\$ 2,855,634</b>	<b>\$ 2,852,159</b>	<b>\$ 67,488</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 32,494	\$ 30,674	\$ 1,820
Escrow deposits	52,098	22,010	42,468	31,640
Due to other funds	8,984	164,322	139,568	33,738
Due to other governmental units	2,766	2,636,207	2,638,683	290
<b>Total Liabilities</b>	<b>\$ 63,848</b>	<b>\$ 2,855,033</b>	<b>\$ 2,851,393</b>	<b>\$ 67,488</b>

**SOLON TOWNSHIP**  
**Tax Account Agency Fund**  
**Statement of Cash Receipts and Disbursements**  
**For the year ended March 31, 2004**

<b>Investment Balances, April 1, 2003</b>		\$ 7,899
<b>Cash Receipts</b>		
Current and delinquent taxes, penalties and interest and dog licenses	\$ 2,881,721	
Interest on investments	<u>1,175</u>	<u>2,882,896</u>
<b>Total Available Balances</b>		<b>2,890,795</b>
<b>Cash Disbursements</b>		
Current ad valorem tax collections:		
Kent County:		
Operating	\$ 526,346	
Drains	228	
State Education tax	510,246	
Kent Intermediate School District	383,865	
Montcalm Intermediate School District	1,687	
Newaygo Intermediate School District	366	
Grand Rapids Community College	180,923	
Montcalm Community College	1,946	
Cedar Springs Public Schools	897,652	
Grant Public Schools	474	
Kent City Community Schools	219,174	
Tri-County Area Schools	2,876	
Solon Township:		
Operating	83,905	
Tax administration fees	<u>27,954</u>	<u>2,837,642</u>
Commercial forest taxes:		
Kent County		
Operating	16	
State Education Tax	19	
Kent Intermediate School District	11	
Grand Rapids Community College	5	
Kent City Community Schools	75	
Solon Township	<u>8</u>	<u>134</u>
Interest and penalties:		
State of Michigan	1,083	
Kent Intermediate School District	820	
Grand Rapids Community College	387	
Cedar Springs Public Schools	1,574	
Kent City Community Schools	321	
Solon Township	<u>704</u>	<u>4,889</u>

(Continued)

**SOLON TOWNSHIP**  
**Tax Account Agency Fund**  
**Statement of Cash Receipts and Disbursements**  
**For the year ended March 31, 2004**

---

Delinquent personal property taxes and interest:			
Kent County:			
Operating	\$	595	
State education tax		768	
Kent Intermediate School District		446	
Grand Rapids Community College		210	
Cedar Springs Public Schools		2,768	
Kent City Community Schools		321	
Solon Township		133	
			\$ 5,241
Prior year taxes and interest - General Fund			5,883
Dog licenses - Kent County Treasurer			1,798
Refunds			34,819
			\$ 2,890,406
Investment Balances, March 31, 2004			\$ 389

## **OTHER INFORMATION**

**SOLON TOWNSHIP**  
**Schedule of Deposits and Investments**  
**March 31, 2004**

---

**General Fund**

Bank One:

Business Savings Account	\$ 251,298	
Governmental STIF Account	<u>192,580</u>	\$ 443,878

Choice One Bank:

Certificate of Deposit:

March 19, 2004, 1.79%, due April 19, 2005	<u>30,162</u>	
---	---------------	--

<b>Total General Fund</b>		<b>\$ 474,040</b>
---------------------------	--	-------------------

**Special Revenue Fund**

Fire Fund:

Bank One:

Interest Earning Checking Account		34,369
-----------------------------------	--	--------

**Agency Funds**

Trust Account:

Bank One:

Certificate of Deposit:

February 20, 2004, .75%, due May 20, 2005	27,012	
---	--------	--

Tax Account:

Bank One:

Governmental STIF Account	<u>389</u>	
---------------------------	------------	--

<b>Total Agency Funds</b>		<u>27,401</u>
---------------------------	--	---------------

<b>Total All Funds</b>		<u><u>\$ 535,810</u></u>
------------------------	--	--------------------------



**OLON TOWNSHIP**  
**Summary of 2003 Taxes Levied and Collected**  
**For the year ended March 31, 2004**

	Taxable Valuation	Rate (Mills)	Taxes Levied	Returned Delinquent	Current Collections
<b>Ad Valorem Taxes</b>					
<b>Kent County</b>					
Operating	\$109,336,589	5.31400	\$ 581,003	\$ 54,657	\$ 526,346
Drains	406,702		228	-	228
<b>Total Kent County</b>			581,231	54,657	526,574
<b>State Education Tax</b>		5.00000			
Cedar Springs Public Schools	87,972,724		439,859	28,606	411,253
Grant Public Schools	63,555		318	-	318
Kent City Community Schools	20,592,211		102,960	7,826	95,134
Tri-County Area Schools	708,099		3,540	-	3,540
<b>Total State Education Tax</b>			546,677	36,432	510,245
<b>School Districts</b>					
Kent Intermediate School District	108,564,935	3.79030	411,482	27,616	383,866
Montcalm Intermediate School District	708,099	2.38220	1,687	-	1,687
Newaygo Intermediate School District	63,555	5.75410	366	-	366
Grand Rapids Community College	108,564,935	1.78650	193,939	13,016	180,923
Montcalm Community College	708,099	2.74860	1,946	-	1,946
Cedar Springs Public Schools:					
Other	87,972,724	7.00000	615,802	40,048	575,754
Operating	19,241,066	18.00000	346,338	29,791	316,547
Grant Public Schools:					
Other	63,555	7.46000	474	-	474
Operating	-	18.00000	-	-	-
Kent City Community Schools:					
Other	20,592,211	9.21480	189,748	19,415	170,333
Operating	3,140,810	18.00000	56,533	7,693	48,840
Tri-County Area Schools:					
Other	708,099	3.14720	2,228	-	2,228
Operating	37,306	17.36150	648	-	648
<b>Total School Districts</b>			1,821,191	137,579	1,683,612
<b>Solon Township</b>					
Operating	109,336,589	0.86470	92,618	8,713	83,905
Special assessment:					
Rau Drive			6,386	6,386	0
Tax administration fees			30,356	2,402	27,954
<b>Total Solon Township</b>			129,360	17,501	111,859
<b>Total Ad Valorem Taxes</b>			<u>\$3,078,459</u>	<u>\$246,169</u>	<u>\$2,832,290</u>

(Continued)

**SOLON TOWNSHIP**  
**Summary of 2003 Taxes Levied and Collected**  
**For the year ended March 31, 2004**

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<b><u>Commercial Forest Taxes</u></b>					
Kent County	\$ 600	2.65700	\$ 16	\$ -	\$ 16
State Education Tax:					
Kent City Community Schools		2.50000	18	-	18
Kent Intermediate School District		1.89515	11	-	11
Grand Rapids Community College		0.89325	5	-	5
Kent City Community Schools:					
Other		4.60740	75	-	75
Solon Township		0.43235	8	-	8
<b>Total Commercial Forest Taxes</b>			<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 133</u>

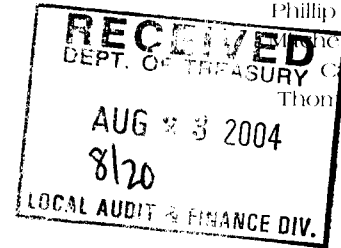
Hungerford, Aldrin,  
Nichols & Carter, PC  
CPAs AND CONSULTANTS

Shareholders

Clifford A. Aldrin, CPA  
Jerry W. Nichols, CPA  
Daniel L. Carter, CPA  
Richard L. Chrisman, CPA  
Peggy A. Murphy, CPA  
Phillip W. Saumman, CPA  
Michael C. Burgers, CPA  
Carla A. Grant, CPA  
Thomas C. Prince, CPA

June 24, 2004

The Township Board  
Solon Township  
Kent County, Michigan



The following comments pertain to our audit of the financial records of Solon Township as of and for the year ended March 31, 2004. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Solon Township.



Member  
Accountants Global  
Network International

Centennial Park East 2910 Lucerne Drive, S.E. Suite 200 Grand Rapids, Michigan 49546-7175  
Phone: (616) 949-3200 Fax: (616) 949-7720 E-Mail: postmaster@hanc.com

### **Auditors Responsibility Under Generally Accepted Auditing Standards**

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

### **Significant Accounting Policies**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped into three broad fund-type categories as follows:

***Governmental Fund Types***—The General and Special Revenue Funds are used to allocate Township resources based upon the purpose for which they are to be spent. These funds are accounted for using the modified accrual basis of accounting.

***Fiduciary Fund Types***—The Tax Account Agency Fund is used to account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

Fixed assets and long-term liabilities are accounted for in account groups, rather than in the governmental funds.

***General Fixed Assets***—Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Capital outlays in these funds are included as expenditures in the year of purchase in the purchasing fund and also added to the balance of General Fixed Assets in the Account Group.

***General Long-Term Debt***—Expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in performing our audit of the record of Solon Township. We found the internal control structure and accounting system of the Township to be basically adequate and operating in the manner intended. Additional time was spent during the audit, however, in reconciling General Fund general ledger asset and liability accounts and legal and other fees paid from the Township Escrow Fund. It is important that the record keeping for the Escrow Fund be completed on a timely and accurate basis in the future and that legal and other bills are paid and recorded properly, from the proper fund.

### **Significant Audit Adjustments**

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

#### **General Fund**

1. \$12,382 and \$16,301 to reverse and accrue property taxes receivable at year end.
2. \$28,283 and \$33,004 to reverse and accrue annual library assessments as accounts payable at year end.
3. \$11,802 and \$17,509 to reverse and accrue accounts payable at year end for legal and planning fees.
4. \$43,199 to record the final 2003-04 distribution of State of Michigan sales taxes received in May 2004 as accounts receivable at year end and \$57,361 to adjust sales taxes received into the proper account.
5. \$37,826 to classify property tax collections to the proper account.
6. \$29,448 to record legal fee Escrow Fund deposits due to the General Fund at year end.

### **Passed Audit Adjustments**

There were no adjustments proposed during the audit not recorded by Solon Township.

### **Consideration of Fraud in a Financial Statement Audit**

The American Institute of Certified Public Accountants issued Statement of Auditing Standards (SAS) Number 99 "Consideration of Fraud in a Financial Statement Audit", effective for all audit periods beginning after December 15, 2002. SAS No. 99 applies to for-profit, non-profit and governmental entities. SAS No. 99 requires auditors to perform additional tests and procedures to obtain assurance that the financial statements are free of material misstatement. Specific tests and procedures required include a pre-audit "brainstorming" session for the auditors, testing of client major revenue sources and journal entries, interviews with client personnel, both in and outside of the business office, and testing of a selection of those revenue/expenditure

areas that were considered susceptible to fraud during the discussions and interviews. Our normal audit testing procedures for Solon Township's major revenue sources (property taxes and state revenue sharing) and journal entries already met the requirements of SAS No. 99, so there were no additional procedures necessary this year in those major testing areas.

After our brainstorming session and discussions with Township officials we chose the volunteer fire payroll payment process for further testing. We discussed the current process with the Supervisor, Clerk and Treasurer to determine how the process has been modified, after the recent problems discovered in the fire department, to assure that only the proper firemen are being paid for the fire/emergency runs, training sessions and other duties performed for the Township. It appears that the new process in place at the Township is a complete and accurate one, including some important double-checks at critical points in the process, and that the process is now operating as intended. We cannot over emphasize the importance of the review and sign-off steps of the process at the fire department level and the continuing oversight responsibility of the Township Board in the review/approval process.

SAS No. 99 suggests that the most effective deterrent to fraud in any organization is the maintenance of a culture of honesty and high ethics, evaluating the risks of fraud and implementing steps to mitigate them, and developing an appropriate oversight process. We encourage the Township Board to pro-actively pursue this policy in the future as, unfortunately, fraud is not as uncommon in the workplace as we would wish it to be.

### **Suggestions And Recommendations**

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting. Other suggestions that merit identification and discussion are as follows:

1. The computer accounting records of the General Fund must be reconciled to the Treasurer's balance on a timely basis each month by the Clerk to insure all transactions are recorded, and then reviewed by the Clerk to insure that all revenues and expenditures are charged to the proper accounts.
2. The Township (along with all other taxing municipalities in Kent County) is implementing a new in-house property tax billing and administration system for the 2004 summer tax roll, independent of the County system which supported all municipalities in the County for the past many years. This new process involves a significant increase in both Township responsibility for the accuracy and integrity of the data and the level of computer hardware/software knowledge over what was required of the Township previously. It is the entire Township Board's, not just the Treasurer's, responsibility to insure that this new system works properly from start to finish. We urge the Township Board to direct the necessary time and personnel resources to this new process to insure its accuracy and success.

\* \* \* \* \*

Solon Township  
June 24, 2004  
Page 5

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to the Solon Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

O:\CLIFILES\N - Z\Solon Township\0304\Word\SAS 61.doc